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Message Text

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51
ORIGIN COME-00

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 DOTE-00 EB-07

FMC-02 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 TRSE-00

L-03 SP-02 SS-15 NSC-05 /059 R

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APPROVED BY EB/ITP/EWT:HKOPP
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TREAS - SLYON (SUB)
EUR/SOV - MKOVNER (SUB)
EB/EWT - JBEMIS
EB/MA - RJOHE
---------- 126291
R 300026Z JUL 75
FM SECSTATE WASHDC
TO AMEMBASSY MOSCOW
INFO AMCONSUL LENINGRAD

UNCLAS STATE 179423

E.O. 11652: NA

TAGS:

SUBJECT: MARINE CARGO INSURANCE

1. BACKGROUND: SOVIET FTO'S SELL CIF AND BUY
FO3, ENABLING THEM TO NAME BOTH THE INSURER AND THE CARRIER.
THIS PRACTICE GIVES INGOSSTRAKH A VIRTUAL MONOPOLY OF
BASIC MARINE INSURANCE ON BILATERAL US-SOVIET CARGO. UNDER
THE US-USSR MARITIME AGREEMENT THE SOVIETS MUST SHARE
THE CARRYING OF BILATERAL CARGO WITH US SHIPS ON THE BASIS
OF PARITY BUT THE AGREEMENT DOES NOT COVER INSURANCE. WHILE
A PORTION OF THE RE-INSURANCE ON BILATERAL CARGO HAS BEEN
PLACED WITH AMERICAN UNDERWRITERS, ALL EFFORTS THUS FAR TO
PERSUADE THE SOVIETS TO SHARE THE BASIC INSURANCE HAVE BEEN
UNSUCCESSFUL. TO PUT THE SOVIETS ON FORMAL NOTICE THAT THE
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US MARITIME DELEGATION WILL AGAIN TAKE UP THE QUESTION IN

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THE TALKS IN MOSCOW BEGINNING SEPTEMBER 8, THE EMBASSY IS ASKED TO PREPARE AND DELIVER A NOTE TO THE MINISTRY FOR FOREIGN AFFAIRS ALONG THE FOLLOWING LINES.

2. BEGIN TEXT: (A) THE EMBASSY OF THE UNITED STATES OF AMERICA REFERS THE MINISTRY OF FOREIGN AFFAIRS OF THE UNION OF SOVIET SOCIALIST REPUBLICS TO THE MEMORANDUM OF UNDERSTANDING DATED NOVEMBER 24, 1973 IN WHICH THE DESIGNATED MARITIME REPRESENTATIVES OF THE UNITED STATES AND THE SOVIET UNION RECOMMENDED TO THEIR RESPECTIVE EXECUTIVE SECRETARIES

OF THE JOINT US-USSR COMMERCIAL COMMISSION THAT THE SUBJECT OF THE PLACEMENT OF MARINE CARGO INSURANCE BE INCLUDED ON THE AGENDA OF THE NEXT SESSION OF THE COMMISSION.

(B) PURSUANT TO THE RECOMMENDATION OF THE DESIGNATED REPRESENTATIVES, THE AMERICAN SIDE TWICE RAISED THE ISSUE AT THE JOINT COMMISSION, INFORMALLY IN APRIL 1974 AND AGAIN AS A FORMAL AGENDA ITEM IN APRIL 1975. HOWEVER, THE ISSUE WAS NOT SERIOUSLY ADDRESSED BY THE SOVIET SIDE AT THE JOINT COMMISSION. ACCORDINGLY, THE AMERICAN SIDE CONCLUDES THAT THE MARINE CARGO INSURANCE ISSUE CANNOT BE RESOLVED AT THIS TIME WITHIN THE FRAMEWORK OF THE JOINT US-USSR COMMERCIAL COMMISSION.

(C) THE GOVERNMENT OF THE UNITED STATES CONSIDERS THE RESOLUTION OF THIS ISSUE IMPORTANT TO THE CONTINUED DEVELOPMENT OF MUTUALLY BENEFICIAL MARITIME RELATIONS. THEREFORE, AND IN VIEW OF THE CONTINUING INTEREST OF AMERICAN FIRMS IN PARTICIPATING IN THE UNDERWRITING OF THIS INSURANCE ON AN EQUITABLE BASIS, THE US MARITIME DELEGATION WILL SEEK TO RESOLVE THE ISSUE IN THE CONTEXT OF THE BILATERAL MARITIME NEGOTIATIONS BEGINNING IN MOSCOW ON SEPTEMBER 8, 1975. END TEXT.

3. FY1: SINCE MORE THAN ONE SOVIET AGENCY IS CONCERNED WITH THE ISSUE, THE EMBASSY'S NOTE SHOULD BE DELIVERED TO MFA RATHER THAN MORFLOT. INGERSOLL

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